

Message Text

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INFO OCT-01 ISO-00 /001 R

DRAFTED BY NEA/IAI:MSTERNBERG/HLK

APPROVED BY NEA - ALFRED L. ATHERTON, JR.

PM - MR. VEST

S/S:LCJOHNSTONE

S-AADAMS

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FM SECSTATE WASHDC

TO USDEL SECRETARY IMMEDIATE

S E C R E T STATE 181664 TOSEC 080243

NODIS

E.O. 11652:YGDS-3

TAGS: PFOR, US, IS, MASS

SUBJECT: ACTION MEMORANDUM - PRESS LEAKS ABOUT DELAY IN
RELEASING PREVIOUSLY APPROVED MILITARY ITEMS FOR ISRAEL
(S/S NO. 7515568 XR 7513587)

S/S PLEASE ALSO PASS TO SAUNDERS

1. FOLLOWING IS URGENT ACTION MEMORANDUM FOR SECRETARY
FROM ATHERTON AND VEST.

THE PROBLEM

AS YOU RECALL, YOU HAVE ALREADY APPROVED THE ISSUANCE OF
EXPORT LICENSES FOR 62 HELICOPTERS FOR ISRAEL APPROVED
BEFORE THE REASSESSMENT. BUT WE ARE STILL HOLDING UP
EXPORT LICENSES FOR MORE THAN DOLLARS 378.6 MILLION
MILITARY CASES FOR ISRAEL INCLUDING 225 TANKS, THE BULK
OF WHICH WERE COMMITTED BEFORE OUR REASSESSMENT. THE

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URGENCY OF ACTION ON SOME OF THESE CASES HAS BEEN HIGH-

LIGHTED BY PRESS QUERIES TO NEA AND PM OVER THE PAST FEW DAYS SUGGESTING THAT ITEMS IN THE PIPELINE TO ISRAEL ARE BEING HELD UP. MARILYN BERGER (FOLLOWING ON AN EARLIER QUERY FROM MARVIN KALB) SPECIFICALLY HAS ASKED NEA

AND PM FOR COMMENT ON STATEMENT FROM A "SOURCE CLOSE TO ISRAELI DEFENSE OFFICIALS" THAT USG IS HOLDING UP, AMONG OTHER ITEMS -- "TANK TRANSMISSIONS" AND "AIRPLANE ENGINES." EARLIER SHE SUGGESTED THAT "LASER-GUIDED BOMB PARTS" (PROBABLY THE MODULAR-GUIDED GLIDE BOMB DATA LINKS) WERE ALSO BEING HELD. WE HAVE RESPONDED THAT WE WILL LOOK INTO IT AND GET BACK TO HER. WE CANNOT COUNT ON PUTTING HER OFF MUCH BEYOND FRIDAY. IF THIS BLOWS UP PUBLICLY, IT WILL BECOME A MAJOR PROBLEM, GIVEN OUR PUBLIC POSTURE THAT THE PIPELINE TO ISRAEL REMAINS OPEN AND EQUIPMENT COMMITTED BEFORE THE REASSESSMENT IS GOING FORWARD. THEREFORE, WE URGENTLY REQUEST A DECISION FROM YOU ON THE FOLLOWING CASES.

BACKGROUND/ANALYSIS

IN EARLY APRIL, YOU APPROVED THE DEPARTMENT HOLDING UP APPLICATIONS TO EXPORT MILITARY MATERIEL TO ISRAEL, IF THE APPLICATION WAS FOR AN AMOUNT IN EXCESS OF DOLLARS 5 MILLION. AS OF THIS DATE, WE ARE NOW HOLDING 17 SEPARATE APPLICATIONS HAVING A TOTAL VALUE OF DOLLARS 378.6 MILLION. THE LARGEST OF THESE ARE A GOI FMS APPLICATION FOR 225 M-60A1 TANKS, VALUED AT DOLLARS 96.7 MILLION AND AN FMS APPLICATION TO EXPORT DOLLARS 63 MILLION WORTH OF C-130 SPARES. THIS LIST DOES NOT INCLUDE LANCE, WHICH AS YOU KNOW IS A SPECIAL CASE.

AT THIS POINT, WE THINK THAT, WHILE WE SHOULD IN MOST CASES CONTINUE OUR GENERAL POLICY OF HOLDING ALL APPLICATIONS VALUED AT OVER DOLLARS 5 MILLION WHEN NEW TRANSACTIONS ARE INVOLVED, WE MUST CONSIDER WHETHER TO MOVE THOSE ITEMS PREVIOUSLY APPROVED -- INCLUDING SOME MAJOR ITEMS -- AS WELL AS TWO POLITICALLY SENSITIVE NEW CASES, TO AVOID A DIRECT CONFRONTATION WITH ISRAEL ON THIS ISSUE, WHO WILL VIEW THEM AS PART OF THE EXISTING PIPELINE,

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AND TO KEEP THIS ISSUE FROM BECOMING A SIGNIFICANT PROBLEM WITH CONGRESS. SO FAR WE HAVE AVOIDED THIS BY KEEPING MOST OF THE OLD PIPELINE FLOWING AND HOLDING MAINLY THE BIG DECISION ON THE DOLLARS 1.5 BILLION INCREMENT OF MATMON-B. THE SUBJECTS HERE ARE MOSTLY PAST ORDERS NOW COMING READY FOR EXPORT, OR MATERIEL RELATED TO PAST ORDERS REQUESTED PRIOR TO THE REASSESSMENT.

THERE ARE NINE CASES ON WHICH WE BELIEVE A JUDGMENT IS NEEDED NOW.

-- 225 M-60 A-1 TANKS (DOLLARS 96.7 MILLION). THE 225 TANKS ARE BEING PRODUCED UNDER A SIGNED LETTER OF OFFER SPECIFICALLY FOR THE ISRAELIS. THE TANK SPECIFICATIONS ARE SUCH THAT OUR ARMY DOES NOT WANT THEM. CONSEQUENTLY, SHOULD WE HOLD THEM THEY WOULD PILE UP, UNABSORBED. THE CHRYSLER CORPORATION HAS COMMITTED ITSELF TO DELIVER THE FIRST 38 TANKS THIS MONTH TO THE USG, WHICH WOULD MEAN THAT THE PROBABLE TURN-OVER DATE TO THE ISRAELIS WOULD BE ABOUT AUGUST 1. DEFENSE IS ALREADY PLANNING TO SEND VARIOUS TECHNICAL PERSONNEL TO ISRAEL SOON ON THE ASSUMPTION THAT TANK DELIVERIES WILL BEGIN AS SCHEDULED.

-- CELESCO COMPANY HAS REQUESTED APPROVAL TO EXPORT 500 SAMSON ECM DECOYS (DOLLARS 6 MILLION) AND TECHNICAL DATA TO ISRAEL. THIS REQUEST DATES FROM APRIL 9, BUT SUPERSEDES A RELATED REQUEST WHICH WAS APPROVED IN SEPTEMBER 1974. BOTH CELESCO AND ISRAEL HAVE BEEN PUSHING VERY HARD ON THIS CASE. CELESCO CONTENDS THAT IF APPROVAL IS NOT FORTHCOMING IT MAY RESULT IN THE FIRM'S BANKRUPTCY, AND CONSEQUENT UNEMPLOYMENT FOR SEVERAL HUNDRED WORKERS IN SOUTHERN CALIFORNIA IS A DISTINCT POSSIBILITY. DELIVERY IS PLANNED TO BEGIN IN AUGUST.

-- SINGER REQUEST TO EXPORT FIVE A-4 AND F-4 WEAPONS SYSTEMS TRAINERS (DOLLARS 9.3 MILLION). THE ORIGINAL LICENSE WAS APPROVED ON MAY 1, 1974. WHAT IS AT ISSUE HERE IS A RENEWAL OF THE EXPIRED LICENSE.

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-- ISRAEL APPLIED FOR PURCHASE OF 24 J-79 JET ENGINES ON NOVEMBER 25, 1974. THE LICENSE WAS APPROVED IN MARCH. THE ENGINES ARE TO BE USED IN THE PRODUCTION OF ISRAEL'S NEW "KFIR" FIGHTER BOMBER.

-- AMERFORD INTERNATIONAL REQUEST TO EXPORT J-79 ENGINE PARTS VALUED AT DOLLARS 13.1 MILLION. THIS REQUEST WAS SUBMITTED ON APRIL 11, BUT IS RELATED TO THE U.S. AGREEMENT TO ASSIST ISRAEL IN THE PRODUCTION OF 100 J-79 ENGINES (DIPLOMATIC NOTE TO GOI MARCH 1975). THERE IS PRESS INTEREST IN BOTH THIS CASE AND THE PREVIOUS ONE.
ROCKWELL INTERNATIONAL REQUEST EXPORT 100 MODULAR-
--IDED GLIDE BOMB DATA LINKS, VALUED AT DOLLARS 7 MILLION,

SUBMITTED FEBRUARY 1975. THIS RELATES TO 100 EXTENDED-RANGE HOBO MISSILES, APPROVED FOR SALE TO ISRAEL IN METG MEMORANDUM OF OCTOBER 1974.

-- GOI (FMS) REQUEST FOR EXPORT OF 750 5-TON TRUCKS, VALUED AT DOLLARS 25.4 MILLION. (THIS CONTRACT WAS SIGNED IN MARCH 1974 WITH A PROCUREMENT LEADTIME OF 13-24 MONTHS.

IN ADDITION TO THE ABOVE CASES WHICH PREDATE THE BEGINNING OF OUR REASSESSMENT, THERE ARE TWO OTHERS, WHICH BECAUSE OF THE POLITICAL SENSITIVITY OF HOLDING THEM, YOU MAY WISH TO REVIEW:

-- GOI (FMS) REQUEST FOR EXPORT OF 46 SELF-PROPELLED 20MM ANTI-AIRCRAFT M163 VULCAN GUNS AND SPARES VALUED AT DOLLARS 26.9 MILLION, SUBMITTED MARCH 1975.

-- GOI (TELEDYNE CONTINENTAL COMPANY) REQUEST FOR EXPORT OF 331 TANK ENGINES AND TRANSMISSIONS VALUED AT DOLLARS 25.7 MILLION. THIS REQUEST CLEARLY POSTDATES THE BEGINNING OF OUR REASSESSMENT. WE ARE INCLUDING IT HERE BECAUSE THIS REQUEST SEEMS TO BE ONE OF THE PARTICULARLY IMPORTANT ONES FOR THE ISRAELIS AND ONE WHICH THE PRESS HAS WIND OF.

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THE OPTIONS

THIS IS A HARD JUDGMENT. ON THE ONE HAND, 225 TANKS -- EVEN WITH PHASED DELIVERY -- IS A SIGNIFICANT SHIPMENT OF AN ATTENTION-GETTING MAJOR ITEM. HOLDING THE TANKS, AIRCRAFT ENGINES AND SPARE PARTS FROM ISRAEL WOULD COMBINE WITH OUR DELAY IN DECIDING ON FY-76 ASSISTANCE TO SEND THE STRONGEST SIGNAL TO THE GOI THAT WE ARE INDEED SERIOUS ABOUT THE NEED FOR MOVEMENT. ON THE OTHER HAND, WE HAVE BEEN ABLE TO MAINTAIN THE POSITION VIS-A-VIS CONGRESS AND THE PUBLIC THAT THE PIPELINE OF PAST COMMITMENTS CONTINUES TO FLOW AND IT IS MAINLY NEW COMMITMENTS THAT ARE BEING HELD UP BECAUSE OF OUR REASSESSMENT. WE HAVE STUDIOUSLY MAINTAINED THAT WE ARE NEITHER APPLYING UNDUE PRESSURE TO ISRAEL NOR LESSENING OUR COMMITMENT TO ITS SURVIVAL. WITHHOLDING THE EXPORT LICENSES ON THESE ITEMS -- PARTICULARLY THE TANKS AND SPARE PARTS -- COULD CALL INTO QUESTION THE ADMINISTRATION'S CREDIBILITY- IT WOULD INVITE UNFAVORABLE COMPARISON WITH CONTINUING ACTION ON PRE-REASSESSMENT ARMS ARRANGEMENTS WITH CERTAIN ARAB GOVERNMENTS -- INCLUDING THE DECISION TO GO AHEAD WITH THE HAWK AND VULCAN AND OTHER AIR

DEFENSE ITEMS FOR JORDAN REACHED DURING THE HUSSEIN VISIT.
IT WOULD LIKELY BE SEEN BY ISRAEL AND ITS SUPPORTERS AS A
PUNITIVE ACT. ON BALANCE, WE BELIEVE THAT TO HOLD THESE
ITEMS

WOULD CREATE A MAJOR CONFRONTATION WITH ISRAEL AND
CONGRESS AT THE WRONG TIME ON THE WRONG ISSUE AND
DIVERT ATTENTION FROM THE REAL ISSUES THAT NEED TO BE
ADDRESSED.

RECOMMENDATION:

1. WE BELIEVE THAT THE TANKS AND OTHER ITEMS ON WHICH
PRE-REASSESSMENT COMMITMENTS WERE MADE SHOULD BE RE-
LEASED. WE RECOMMEND YOU CONCUR IN THIS.

APPROVE THE ENTIRE LIST..... HOLD.....

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THE 225 TANKS APPROVE.....HOLD.....

5 WEAPONS TRAINERS APPROVE.....HOLD.....

500 DECOYS APPROVE.....HOLD.....

24 J-79 ENGINES APPROVE.....HOLD.....

DOLLARS 13.1 MILLION IN J-79 PARTS APPROVE.....HOLD.....

100 MODULAR-GUIDED GLIDE BOMB DATA LINKS APPROVE...HOLD...

750 5-TON TRUCKS APPROVE.....HOLD.....

2. EVEN THOUGH THE FOLLOWING REQUESTS WERE RECEIVED AFTER
OUR REASSESSMENT BEGAN, WE BELIEVE THEY SHOULD BE
APPROVED BECAUSE OF THE LIKELY POLITICAL REPERCUSSIONS OF
A REFUSAL:

46 VULCANS (BECAUSE OF THE OBVIOUS PARALLEL WITH THE
RECENT JORDAN CASE) APPROVE.....HOLD.....

331 TANK ENGINES AND TRANSMISSIONS (THE ISRAELIS PAR-
TICULARLY WANT THESE PARTS AND HAVE LEAKED OUR HOLDING
OF THEIR REQUEST TO THE PRESS) APPROVE.....HOLD.....

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